
SENATE BILL No. 254

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-24.

Synopsis: Income tax credit for inventory taxes. Provides a credit against a taxpayer's state tax liability for property taxes paid on inventory. Provides that the credit is initially equal to 33% of property taxes paid on inventory, and increases the credit percentage over three years until the credit may be claimed for 100% of property taxes paid on inventory.

Effective: January 1, 2002 (retroactive).

Zakas

January 7, 2002, read first time and referred to Committee on Finance.

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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 254

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002 (RETROACTIVE)]:

4 **Chapter 24. Credit for Property Taxes Paid on Inventory**

5 **Sec. 1.** As used in this chapter, "assessed value" means the
6 assessed value of inventory determined under IC 6-1.1-3.

7 **Sec. 2.** As used in this chapter, "inventory" has the meaning set
8 forth in IC 6-1.1-3-11.

9 **Sec. 3.** As used in this chapter, "pass through entity" means:

10 (1) a corporation that is exempt from the adjusted gross
11 income tax under IC 6-3-2-2.8(2); or

12 (2) a partnership.

13 **Sec. 4.** As used in this chapter, "state tax liability" means a
14 taxpayer's total tax liability that is incurred under:

15 (1) IC 6-2.1 (gross income tax);

16 (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

17 (3) IC 6-3-8 (supplemental net income tax);



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(4) IC 6-5.5 (financial institutions tax); and
 (5) IC 27-1-18-2 (insurance premiums tax);
 as computed after the application of the credits that under
 IC 6-3.1-1-2 are to be applied before the credit provided by this
 chapter.

Sec. 5. As used in this chapter, "taxpayer" means an individual
 or entity that has state tax liability.

Sec. 6. (a) Subject to subsection (e), a taxpayer is entitled to a
 credit against the taxpayer's state tax liability for a taxable year
 for the ad valorem property taxes paid by the taxpayer in the
 taxable year on inventory.

(b) The amount of the credit is equal to the product of:

(1) the appropriate percentage specified in subsection (c);
 multiplied by

(2) the amount of property taxes paid on inventory by the
 taxpayer during the taxable year.

(c) The percentage described in subsection (b)(1) is determined
 by the calendar year in which the property taxes on inventory are
 paid and is set forth in the following table:

CALENDAR YEAR IN WHICH INVENTORY TAXES ARE PAID	PERCENTAGE OF INVENTORY TAXES ALLOWED AS A CREDIT
2002	33%
2003	67%
2004 and thereafter	100%

(d) If a taxpayer pays property taxes in two (2) different
 calendar years during the taxpayer's same taxable year, the
 taxpayer shall apply the appropriate percentage specified for each
 calendar year to the property taxes paid in each calendar year to
 compute the credit for the taxable year.

(e) This subsection applies to a taxpayer that:

(1) claims a credit under this section for a taxable year; and

(2) claims a credit under IC 6-3.1-23.8 for the same taxable
 year.

The amount of the credit determined under this section is reduced
 by the extent, if any, to which the credit claimed under
 IC 6-3.1-23.8 is attributable to net ad valorem property taxes paid
 by the taxpayer on inventory.

Sec. 7. (a) If the amount of the credit determined under section
 6 of this chapter for a taxpayer in a taxable year exceeds the
 taxpayer's state tax liability for that taxable year, the taxpayer
 may carry the excess over to the following taxable years. The



1 amount of the credit carryover from a taxable year shall be
2 reduced to the extent that the carryover is used by the taxpayer to
3 obtain a credit under this chapter for any subsequent taxable year.
4 A taxpayer is not entitled to a carryback.

5 (b) A taxpayer is not entitled to a refund of any unused credit.

6 Sec. 8. If a pass through entity does not have state income tax
7 liability against which the tax credit may be applied, a shareholder
8 or partner of the pass through entity is entitled to a tax credit equal
9 to:

10 (1) the tax credit determined for the pass through entity for
11 the taxable year; multiplied by

12 (2) the percentage of the pass through entity's distributive
13 income to which the shareholder or partner is entitled.

14 Sec. 9. To receive the credit provided by this chapter, a taxpayer
15 must claim the credit on the taxpayer's state tax return or returns
16 in the manner prescribed by the department. The taxpayer shall
17 submit to the department proof of payment of an ad valorem
18 property tax and all information that the department determines
19 is necessary for the calculation of the credit provided by this
20 chapter.

21 SECTION 2. [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]
22 IC 6-3.1-24, as added by this act, applies only to taxable years that
23 begin after December 31, 2001.

24 SECTION 3. An emergency is declared for this act.

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